

**REPORT OF THE AUDIT OF THE  
CARLISLE COUNTY  
SHERIFF'S SETTLEMENT - 2002 TAXES**

**April 25, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**CRIT LUALLLEN**  
**Auditor of Public Accounts**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable John Roberts, Carlisle County Judge/Executive  
Honorable Steve McChristian, Carlisle County Sheriff  
Members of the Carlisle County Fiscal Court

The enclosed report prepared by Kem, Duguid & Associates, PSC, Certified Public Accountants presents the Carlisle County Sheriff's Settlement - 2002 Taxes as of April 25, 2003.

We engaged Kem, Duguid & Associates, PSC to perform the financial audit of this statement. We worked closely with the firm during our report review process; Kem, Duguid & Associates, PSC evaluated the Carlisle County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen  
Auditor of Public Accounts

Enclosure





**REPORT OF THE AUDIT OF THE  
CARLISLE COUNTY  
SHERIFF'S SETTLEMENT - 2002 TAXES**

**April 25, 2003**

**KEM, DUGUID & ASSOCIATES, P.S.C.**

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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**CARLISLE COUNTY**  
**SHERIFF'S SETTLEMENT - 2002 TAXES**

**April 25, 2003**

Kem, Duguid & Associates, PSC has completed the audit of the Sheriff's Settlement - 2002 Taxes for Carlisle County Sheriff as of April 25, 2003. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$930,429 for the districts for 2002 taxes, retaining commissions of \$38,927 to operate the Sheriff's office. The Sheriff distributed taxes of \$885,976 to the districts for 2002 Taxes. Taxes of \$756 are due to the districts from the Sheriff and refunds of \$22 are due to the Sheriff from the taxing districts.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.





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**MICHAEL A. KEM**

**SANDRA D. DUGUID**

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Members of the Carlisle County Fiscal Court

Independent Auditor's Report

We have audited the Carlisle County Sheriff's Settlement - 2002 Taxes as of April 25, 2003. This tax settlement is the responsibility of the Carlisle County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Carlisle County Sheriff's taxes charged, credited, and paid as of April 25, 2003, in conformity with the modified cash basis of accounting.

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**MEMBERS:**

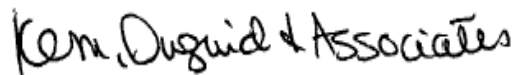
American Institute of Certified Public Accountants

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In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2003, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Kem, Duguid & Associates". The signature is written in a cursive, flowing style.

Kem, Duguid & Associates, PSC

Audit fieldwork completed -  
December 3, 2003

CARLISLE COUNTY  
STEVE MCCHRISTIAN, COUNTY SHERIFF  
SHERIFF'S SETTLEMENT - 2002 TAXES

April 25, 2003

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 135,120	\$ 177,565	\$ 346,987	\$ 145,930
Tangible Personal Property	8,677	10,461	22,283	18,207
Intangible Personal Property				11,804
Fire Protection	895			
Franchise Corporation	30,341	39,595	77,858	
Additional Billings	112	133	288	264
Clay	77	96	197	83
Penalties	1,083	1,391	2,776	1,229
Adjusted to Sheriff's Receipt	<u>(130)</u>	<u>(160)</u>	<u>(325)</u>	<u>(135)</u>
Gross Chargeable to Sheriff	<u>\$ 176,175</u>	<u>\$ 229,081</u>	<u>\$ 450,064</u>	<u>\$ 177,382</u>
<u>Credits</u>				
Exonerations	\$ 1,064	\$ 1,342	\$ 2,732	\$ 1,522
Discounts	1,814	2,374	4,621	2,235
Delinquents:				
Real Estate	2,443	3,063	6,272	2,638
Tangible Personal Property	155	187	398	94
Uncollected Franchise	<u>14,222</u>	<u>18,497</u>	<u>36,600</u>	
Total Credits	<u>\$ 19,698</u>	<u>\$ 25,463</u>	<u>\$ 50,623</u>	<u>\$ 6,489</u>
Taxes Collected	\$ 156,477	\$ 203,618	\$ 399,441	\$ 170,893
Less: Commissions *	<u>6,938</u>	<u>8,461</u>	<u>15,978</u>	<u>7,550</u>
Taxes Due	\$ 149,539	\$ 195,157	\$ 383,463	\$ 163,343
Taxes Paid	148,815	194,251	381,626	161,284
Refunds (Current and Prior Year)	<u>588</u>	<u>706</u>	<u>1,490</u>	<u>2,008</u>
Due Districts		**		
as of Completion of Fieldwork	<u>\$ 136</u>	<u>\$ 200</u>	<u>\$ 347</u>	<u>\$ 51</u>

\* And \*\* See Page 4.

The accompanying notes are an integral part of this financial statement.

CARLISLE COUNTY  
STEVE MCCHRISTIAN, COUNTY SHERIFF  
SHERIFF'S SETTLEMENT - 2002 TAXES  
April 25, 2003  
(Continued)

\* Commissions:

10% on	\$	10,000
4.25% on	\$	443,809
4% on	\$	476,620

\*\* Special Taxing Districts:

Ambulance District	\$	90
Extension District		99
Health District		16
Soil Conservation District		(22)
W. Fork Mayfield Creek Watershed District		<u>17</u>

Due Districts or (Refund Due Sheriff)	\$	<u><u>200</u></u>
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The accompanying notes are an integral part of this financial statement.

CARLISLE COUNTY  
NOTES TO FINANCIAL STATEMENTS

April 25, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of April 25, 2003, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

CARLISLE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
April 25, 2003  
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2002. Property taxes were billed to finance governmental services for the year ended June 30, 2003. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 25, 2002 through April 25, 2003.

B. Clay Reserves Taxes

The tangible property tax assessments were levied as of January 1, 2001. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 25, 2002 through April 25, 2003.

Note 4. Interest Income

The Carlisle County Sheriff earned \$663 as interest income on 2002 taxes. As of December 3, 2003, the Sheriff owes \$212 in interest to the school district and \$101 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Carlisle County Sheriff collected \$4,641 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Carlisle County Sheriff collected \$640 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The Sheriff distributed the advertising costs to the county as required by statute, and the advertising fees will be used to operate the Sheriff's office.



REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Carlisle County Sheriff's Settlement - 2002 Taxes as of April 25, 2003, and have issued our report thereon dated December 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Carlisle County Sheriff's Settlement - 2002 Taxes as of April 25, 2003 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Carlisle County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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**MEMBERS:**

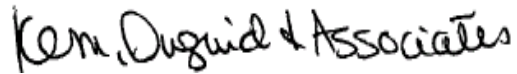
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Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be  
and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink that reads "Kem, Duguid & Associates". The signature is written in a cursive, flowing style.

Kem, Duguid & Associates, PSC

Audit fieldwork completed -  
December 3, 2003

